

Twenty Third Annual Report 2005 - 2006



UNIPRODUCTS (INDIA) LTD.



UNIPRODUCTS (INDIA) LTD.**BOARD OF DIRECTORS****Chairman**

Mr. Ravi Mehra

Managing Director

Dr. Ashwan Kapur

Directors

Mr. C. K. Hazari

Mr. Govind Narain

Dr. Bhaskar Dutta

Mr. M. M. Kohli

Mr. S. L. Kapur

Mr. A. P. Gandhi

Mr. P.R. Khanna - Additional Director

Auditors

S. N. Dhawan & Co.

Chartered Accountants

C-37, Connaught Place

New Delhi-110001

Bankers

State Bank Of Patiala

Citi Bank

President

Mr. Arun Seth

Company Secretary

Mr. Rakesh Kumar Singh

Head Office

Khasra No. 360-361

Village Jonapur, Mehrauli,

New Delhi-110047

Registered Office & Plant I

Jarthal Village Road

84 Km. Stone, Delhi-Jaipur Road,

P.O. Sangwari, Distt. Rewari

Haryana-123401

Admn. Office & Plant II

C-15, Sector-57,

Noida Industrial Area

Noida-201307 (U.P.)

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NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of **UNIPRODUCTS (INDIA) LIMITED** will be held at the Registered Office of the Company at Jarthal Village Road, 84 Km. Stone, Delhi-Jaipur Road, P.O. Sangwari, Distt. Rewari, Haryana-123401, on Monday, the 14th August, 2006 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006, Profit & Loss Account and Cash Flow Statement for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Dr. Bhaskar Dutta who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M.M. Kohli who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. A.P. Gandhi who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT, pursuant to provisions of Section 198, 269, 309, 310, 311 read with schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approval(s) as may be required, approval of the members be and is hereby accorded for the re-appointment of Dr. Ashwan Kapur as Managing Director of the Company for a period of three years w.e.f. 01.08.2006 on the salary, commission, allowances and perquisite as under:

1. **SALARY** : Rs. 2,00,000/- (two lacs) per month.
2. **COMMISSION** : 1% (one percent) of the net profits of the Company for each financial year (as computed in the manner laid down in Sections 349 and 350 of the Companies Act, 1956).
3. **PERQUISITES** : In addition to the above salary and commission, the Managing Director shall be entitled to the following perquisites which shall be restricted to an amount equal to the annual salary.

CATEGORY A:i) **RESIDENTIAL ACCOMMODATION:**

- (a) **Housing I** : In case the accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.

or

- (b) **Housing II** : In case no accommodation is provided by the Company, the Managing Director shall be entitled to 60% of basic salary as House Rent Allowance.

The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per Income Tax Rules, 1962, subject to a ceiling of 10% of the salary.

UNIPRODUCTS (INDIA) LTD.



- ii) **MEDICAL REIMBURSEMENT** : Reimbursement of medical expenses incurred by the Managing Director and his family will be subject to a ceiling of one month's salary in a year, or three months salary over a period of three years.
- iii) **LEAVE TRAVEL CONCESSION** : For the Managing Director and his family, once in a year, incurred in accordance with rules specified by the Company.
- iv) **CLUB FEES** : Fees of the clubs will be subject to a maximum of two clubs. These will not include admission and life membership fees.
- v) **PERSONAL ACCIDENT INSURANCE** : Premium not to exceed Rs. 10,000/- per annum.

EXPLANATION : For the purpose of Category A, 'family' means the spouse, the dependent children and dependent parents of the Managing Director.

CATEGORY B:

- i) **CONTRIBUTION TO PROVIDENT AND SUPERANNUATION FUNDS** : Company's contribution towards Provident Fund, Superannuation Fund or Annuity Fund will be as per rules of the Company and will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
- ii) **GRATUITY** : Not exceeding one half month's salary for each completed year of service.
- iii) **LEAVE** : One month's leave with full salary for every 11 months of service. Encashment of leave at the end of the tenure will not be included in the computation of perquisites."

CATEGORY C:

- i) **CAR**: Facility of car with driver.
- ii) **TELEPHONE** : Free telephone facility at residence.
 - For use on Company's business, this will not be treated as a perquisite.
 - Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.
- iii) **ELECTRICITY** : Reimbursement of electricity bills.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter, vary or modify the terms of re-appointment in such a manner as they deem fit within the above limitation".

- 8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT Mr. P. R. Khanna, who was appointed by the Board of Directors as an Additional Director on November 21, 2005 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 read with Article 89 of Articles of Association, and in respect of whom the Company has received a notice in writing from a member proposing the candidature of Mr. P.R. Khanna for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Registered Office:

Jarthal Village Road
84 Km. Stone, Delhi-Jaipur Road,
P.O. Sangwari, Distt. Rewari,
Haryana-123401

By order of the Board

DR. ASHWAN KAPUR
Managing Director

Date : 18th July, 2006



NOTES

1. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The proxy form should be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, August 1, 2006 to Friday, August 4, 2006 (both days inclusive).
3. Members attending the Annual General Meeting are requested to bring along with them their copies of the Annual Report, as the same will not be distributed at the meeting.
4. Shareholders who wish to raise any queries/comments on the accounts of the Company are requested to send their queries/comments at least 7 days before the date of the Annual General Meeting.
5. Dividend recommended by the Board of Directors, if approved by the members at the Annual General Meeting, will be paid to those members whose names appear on the Register of Members as on August 4, 2006. In respect of shares held in electronics form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.
6. Members desirous of receiving dividend by direct electronic deposit through Electronics Clearing Service (ECS) facility may authorise the Company with their ECS mandate containing bank details, alongwith the 9 digit MICR code. Request should be lodged with our Registrar & Transfer Agent, M/s MAS Services Pvt. Ltd. AB-4, Safdarjung Enclave, New Delhi-110029 on or before July 24, 2006.
7. In order to provide protection against fraudulent encashment of dividend warrants, the members are requested to provide, if not provided earlier, their bank account details quoting folio numbers to the Company's Registrar & Share Transfer Agent, M/s MAS Services Pvt. Ltd.
8. Members are also requested to notify any changes in their addresses immediately to the Registrar & Share Transfer Agent- M/s MAS Services Pvt. Ltd.
9. Pursuant to Section 205 (C) of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government and no claim shall lie against the said fund or the Company for the amount so transferred. The unpaid/unclaimed dividend pertaining to the financial year 1998-99 will become due for transfer to IEPF on 27th October, 2006. Those shareholders who have not encashed their dividend warrant for the financial year 1998-99 are, therefore, requested to immediately forward the same to the Company for revalidation.
10. The shares of the Company are listed on Bombay Stock Exchange. The listing fees have been paid.
11. At the ensuing Annual General Meeting, Dr. Bhaskar Dutta, Mr. M.M. Kohli & Mr. A.P. Gandhi retire by rotation and, being eligible, offer themselves for re-appointment. The information/details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Bombay Stock Exchange are furnished in the Statement on Corporate Governance published in this Annual Report.

EXPLANATORY STATEMENT (PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 7

At the Board Meeting held on May 22, 2006, Dr. Ashwan Kapur was re-appointed as Managing Director of the Company for a period of three years w.e.f 01.08.2006. The details of remuneration and perquisites proposed to be paid by the Company from 1st August, 2006 have been given in the text of the resolutions. These may also be

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treated as an abstract of the terms and memorandum of interest under section 302 of the Companies Act, 1956. The Remuneration Committee has recommended the re-appointment of Dr. Ashwan Kapur as Managing Director of the Company on above terms & conditions.

Brief resume of Dr. Ashwan Kapur and nature of his expertise is given in the section on Corporate Governance. Considering the experience and competence of Dr. Ashwan Kapur, the Board considers that it would be in the interest of the Company to re-appoint him as a Managing Director of the Company.

None of the Directors, except Dr. Ashwan Kapur, is interested in the proposed resolution.

Item no. 8

Mr. P.R. Khanna, who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 21st November, 2005, vacates office at the forthcoming Annual Meeting pursuant to Section 260 of the Companies Act, 1956.

Notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose Mr. P.R. Khanna as a candidate for the office of Director.

Brief resume of Mr. P.R. Khanna and nature of his expertise is given in the section on Corporate Governance. Considering the experience and competence of Mr. P.R. Khanna, the Board considers that it would be in the interest of the Company to appoint him as a Director of the Company.

No Director other than Mr. P.R. Khanna is interested in the said resolution.

The Directors commend the resolution for approval of the shareholders.

Registered Office:

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84 Km. Stone, Delhi-Jaipur Road,
P.O. Sangwari, Distt. Rewari,
Haryana-123401

By order of the Board

DR. ASHWAN KAPUR
Managing Director

Date : 18th July, 2006



DIRECTORS' REPORT

To The Members,

The Directors have pleasure in presenting their 23rd Annual Report and Audited Accounts of your Company for the year ended 31st March, 2006.

FINANCIAL RESULTS:

Particulars	Year ended March 31, 2006 (Rs. in lakhs)	Year ended March 31, 2005 (Rs. in lakhs)
Sales and other Income	9965.07	7775.21
Gross Profit before Interest, Depreciation and Miscellaneous Expenditure written off	1174.83	887.55
Less : Interest	294.88	202.60
Depreciation	397.02	369.36
Miscellaneous Expenditure written off	12.90	12.90
Profit for the year	470.03	302.69
Prior period Income/(Expenditure) adjustment	(3.33)	(0.46)
Profit before tax	466.70	302.23
Provision for current tax (MAT)	39.27	23.70
Deferred tax (Assets)/Liability	116.32	103.68
Fringe Benefit Tax	10.49	—
Profit after tax	300.62	174.85
Surplus brought forward	143.48	57.36
Profit available for appropriation	444.10	232.21
General Reserve	22.55	13.11
Proposed Dividend	85.44	66.32
Corporate Dividend Tax	11.98	9.30
Balance carried to the Balance Sheet	324.13	143.48

OPERATIONS

The Company continues to record a strong growth in its sales; all products sales recorded a growth of 29% over the previous year. The Company's compound annual growth rate in sales over the past 5 years has been 27%.

The pre tax profit of Rs. 466.70 lakhs is 54% higher than in the previous year. Our commissioning of the state-of-the-art resin felt manufacturing plant and the further addition of a needle loom enabled us to diversify our product range, thereby providing us the opportunity to increase production of value added products.

Your company continues to provide "customer delight" through manufacture of world class products at competitive prices. To ensure this, we focus relentlessly on quality systems and cost reductions through VAVE exercises, energy audits and strict control on overhead costs.

FUTURE PROSPECTS

Automotive growth is expected to even out during the fiscal 06-07, although the long term outlook continues to be positive with a projection of 2 million cars being produced by the year 2010 or earlier. Almost all car manufacturing units are planning capacity expansions to cater to the projected demand. As suppliers of a diversified range of products to virtually all car manufacturing companies in the country, your company is well placed to be a part of

UNIPRODUCTS (INDIA) LTD.



this growth. We plan to focus on sale of high value added products in order to improve our margins. The Company also expects to initiate its export sales in the current year as auto companies across the world are looking at India to outsource quality components at reasonable prices.

DIVIDEND

Your Directors are pleased to recommend a dividend of 20% for the year ended 31st March, 2006.

CHANGE IN CAPITAL STRUCTURE

Pursuant to the approval granted by the shareholders at the Extra-ordinary General Meeting held on November 4, 2005, the Authorised Share Capital of the Company has been increased from Rs. 6 Crore to 12 Crore. Further, the Board had allotted 3,80,000 equity shares of Rs. 10/- at face value to 'Uniproducts India Employees Welfare Trust' which shares shall be transferred to eligible employees under the Uniproducts Employees Stock Option Plan ("the ESOP").

DELISTING OF EQUITY SHARES

Pursuant to the shareholders approval obtained at the 21st Annual General Meeting held on 22nd September, 2004, and in terms of the guidelines issued by the Securities and Exchange Board of India for delisting of securities, the Company's shares have been delisted from "The Delhi Stock Exchange" w.e.f. 15.07.2005.

JOINT VENTURE WITH JUKEN TECHNOLOGY LIMITED, SINGAPORE

During the year under review, your Company signed a shareholder's agreement with Juken Technology Limited, a Singapore based company, for setting up a joint venture company for producing Mould Fabrication and Plastic Injection (MFPI) components. A joint venture company namely "Juken Uniproducts Private Limited" has been incorporated and is likely to commence production in 2006-07.

RIGHTS ISSUE

Considering the expansion of the business of the Company and the consequent need for additional investment, your Directors had approved the rights issue at a price of Rs. 40/- per share to the holders of the equity shares of the Company in the proportion of one equity share for every one equity share held on the record date to be fixed at a later date. The Board has not yet fixed the record date.

EMPLOYEES STOCK OPTION PLAN

Your Company recognises the contribution of its employees in the growth of the organisation and intends to link their interest with the objectives of the Company. The shareholders, at an Extra- ordinary General Meeting held on 4th November, 2005, had approved the issuance of 3,80,000 options to eligible employees under the Uniproducts Employees Stock Option Plan ("the ESOP") through the trust route. Accordingly, 'Uniproducts India Employees Welfare Trust' has been formed for the implementation and administration of the ESOP. The Board has allotted 3,80,000 equity shares of Rs. 10/- at face value to the trust, which shares shall be transferred to eligible employees on exercise of the options by them, at the exercise price. The number of options to be granted to each employee by the trust would be based on the recommendations of the Compensation Committee.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The information with respect to conservation of energy and technology absorption, pursuant to sub-section 1(e) of Section 217 of the Companies Act, 1956, is appended hereto and forms part of this report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earning during the year was nil and foreign exchange outgo during the year was Rs. 982.66 lakhs.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Dr. Bhaskar Dutta, Mr. M.M. Kohli & Mr. A.P. Gandhi will retire by rotation at the ensuing annual general meeting and, being eligible, offer themselves for re-appointment.



The term of appointment of Dr. Ashwan Kapur, Managing Director, expires on 31st July, 2006 and the Board of Directors of the Company has approved his re-appointment w.e.f. 1st August, 2006 subject to the approvals of concerned agencies.

During the year under review, Mr. P. R. Khanna was appointed as an additional Director by the Board in their meeting held on November 21, 2005.

Brief resume of the above Directors, together with the nature of their expertise as stipulated under Clause 49 of the Listing Agreement with the stock exchange, is given in the section on Corporate Governance.

DIRECTORS RESPONSIBILITY STATEMENT

As per Section 217 (2AA) of the Companies Act 1956, the Directors of the Company hereby declare:

- (i) that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit or loss of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES UNDER SUB-SECTION 2A OF SECTION 217 OF THE COMPANIES ACT, 1956

A statement showing particulars of employees as required under sub-section 2A of Section 217 of the Companies Act, 1956, which forms an integral part of this report, is annexed hereto.

AUDITORS

M/s. S.N. Dhawan & Co., Chartered Accountants, retire and, being eligible, have expressed their willingness to be re-appointed.

FIXED DEPOSITS

The Company did not hold any fixed deposits as at the close of the year, nor were there any deposits overdue for repayment as on 31st March, 2006.

EMPLOYEE RELATIONS

Relations between the employees and the management remained cordial during the year. The Directors wish to place on record their sincere appreciation for the efficient and committed services rendered by the employees at all levels. Their dedication and commitment has been and continues to be instrumental to the success of the Company.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the listing agreement with the stock exchange, Management Discussion and Analysis, Corporate Governance Report and Certificate from the Company's auditors confirming compliance of Corporate Governance are made part of the Annual Report.

ACKNOWLEDGEMENTS

Your Directors are pleased to record their gratitude for the understanding and support received from the Shareholders, Financial Institutions, Bankers, Customers and Suppliers of the Company.

For and on behalf of the Board

RAVI MEHRA
Chairman

UNIPRODUCTS (INDIA) LTD.



ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended March 31, 2006.

S. No.	Name	Age	Qualification	Date of Employment	Total Remuneration (Rs.)	Experience in years	Last Employment
EMPLOYED THROUGHOUT THE YEAR							
1.	Mr. Arun Seth President	64	B.Sc., M.B.A. (Leeds)	16.11.84	32,43,167.00	42	Intermagnetics (U.K.), Ltd., London First Employment
2.	Dr. Ashwan Kapur Managing Director	50	Ph.D. (Leeds)	01.08.84	28,63,365.00	22	
Notes : 1. The gross remuneration as shown in the statement includes salary, house rent allowance/ benefit of free accommodation, reimbursement of electricity expenses, medical expenses, bonus, commission, Company's contribution to Provident Fund and other perquisites valued as per Income Tax Rules, 1962.							
2. The condition of employment of the above employees is contractual.							

Disclosure of particulars with respect to Conservation of Energy & Technology Absorption as required under the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended March 31, 2006.

Disclosure of Particulars with respect to Conservation of Energy

A) POWER AND FUEL CONSUMPTION

1. Electricity	Current Year	Previous Year
a) Purchase		
Units	39,07,174.00	35,64,387.00
Total amount (Rs.)	1,64,99,074.00	1,49,71,116.00
Rate per unit (Rs.)	4.22	4.20
b) Own Generated		
i. Through Diesel Generator		
Total units generated	30,14,298.00	22,40,973.00
Units per litre of diesel	3.28	3.31
Cost per unit generated (Rs.)	9.00	7.32
ii. Through Steam Turbine Generator	Nil	Nil
2. a) Coal (Medium Quality)		
Quantity (MT)	5,649.46	4,962.33
Cost (Rs.)	2,36,98,633.00	1,97,35,922.00
Average rate per tonne (Rs.)	4,195.00	3,977.00
b) Furnace Oil		
Quantity (KL)	-	-
Cost (Rs.)	-	-
Average rate per KL (Rs.)	-	-

B) CONSUMPTION PER UNIT OF PRODUCTION

Products: Nonwovens		
Electricity (in units)	1.82	2.22
Coal (in Kgs)	1.74	2.05
Furnace Oil (in Ltr)	-	-